THE REPUBLICAN STUDY COMMITTEE

THE BUDGET & SPENDING TASK FORCE

Rep. Rob Woodall, Chairman

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Weekly Report – January 8, 2014

Budget Conference Committee – Bipartisan Budget Act of 2013 and FY14 Appropriations

- The Bipartisan Budget Act of 2013, on net, reduces the deficit by $23 billion over the next ten years. Spending is increased in earlier years, with spending offsets and new revenues over the 10 year window.

- The agreement, increases overall BCA caps in FY14 and FY15 by a total of $63.4 billion.

- Total appropriations for FY2014 consist of $520.5 billion for defense and $491.8 billion for non-defense.

- BSTF will encourage an open process and full and regular order on all 12 appropriations bills to give House priorities a marker in conference committees.

The Budget Schedule Ahead

- CR expires January 15, 2014. An omnibus appropriations bill is expected on the floor next week.

- Debt Ceiling Suspension Ends February 8, 2014

  - The Bipartisan Policy Center estimates that this will add $600 billion to the debt ceiling.

  - CBO recently released estimates that extraordinary measures will extend Treasury's borrowing authority through mid-March at the earliest and June at the latest.

CBO Released Updated Volume of Budget Options

- CBO recently released its Options for Reducing the Deficit: 2014 to 2023

  - CBO published 10-year savings scores on over 100 proposals pertaining to mandatory spending, health programs, discretionary spending, and revenues. http://www.cbo.gov/publication/44715

RSC 2014 Budget – Reviewing Budget Proposals

- The Budget and Spending Task Force hosted its first staff level meeting on Monday, December 16th to review the budgetary process and discuss potential ideas for inclusion in the RSC 2014 Budget. BSTF will be having additional staff and member meetings in January along with an informal, off-the-record roundtable with the Congressional Budget Office (CBO). Details to follow shortly.

- Please contact either Will Dunham with RSC at x:6-0718 or will.dunham@mail.house.gov or Nick Myers in Congressman Woodall's Office at x: 5-4272 or nick.myers@mail.house.gov to join the BSTF.

THE WALL STREET JOURNAL.
WSJ.com
OPINION – December 16, 2013

George Osborne: How Britain Returned to Growth –*We cut spending and top tax rates, and now deficits are down and jobs are being created at a healthy clip.*

As the U.S. and Britain recover from the Great Recession, the question being asked of advanced economies like ours is this: Do we now face secular stagnation and long-term decline, so that it simply won't be possible to promise the next generation better lives than our own?

Having met with policy makers and business leaders in the U.S. over the past few days, my answer is an emphatic no. Britain, the U.S. and others in the West do not have to accept defeat in the global race and resign ourselves to eroding living standards. The way to avoid this fate is to acknowledge two premises about the modern economy—and then take the necessary actions to surmount our nations' economic problems.

First, we are not going to get richer by borrowing more from others in the world just so that we can buy the things they make. We have to earn our own way in the world, by making our countries attractive to overseas investment, better educating our workforces, and providing a climate in which our businesses are able to produce goods and services of sufficient quality that the rest of the world wants to buy them.

Second, our governments have to live within their means, and not pile up deficits and debts that will burden future generations with the taxes to pay for them. We have to reduce entitlements and drive value for money through government, so we can focus public spending on areas likely to enhance our productivity. In Britain, we have been pursuing a long-term economic plan that seeks to achieve these two goals. The evidence is that our plan is working, although the job is not done.

When the coalition government came to power 3½ years ago, the United Kingdom's deficit was forecast to be higher than any other country in the G-20. The International Monetary Fund estimates that the government has since achieved a 4.4% reduction in the structural deficit over three years, larger than any other major advanced economy. We've done it with a balanced program: 80% of the consolidation will come from cutting spending and welfare, and 20% from raising mainly sales taxes. The richest have paid the most. Yet we've protected key budgets, like science and schools, and increased planned infrastructure spending to invest in our country's long-term economic success.

Some said that deficit reduction and economic growth were incompatible, predicting major job losses and another recession. Those predictions were wrong. The lingering damage wrought by the crash of our financial system, plus the eurozone crisis, dragged down economic growth in 2011 and 2012. But there has been growing economic momentum throughout 2013, with big improvements in credit conditions. As a result, in its latest forecasts the IMF revised up U.K. economic growth to 1.4% this year and 1.9% next year, the biggest upward revision of any G-7 economy. Jobs are being created at the rate of 60,000 a month, roughly equivalent to 300,000 in the U.S.

That doesn't mean we can let up. While the deficit is coming down more quickly, stronger economic growth alone cannot be relied upon to solve what is a structural budget deficit. So the government will continue making difficult decisions, from reducing welfare entitlements and increasing the state pension age, to controlling public-sector pay. The aim is to run surpluses in good years to pay down debt. In other words, we're going to fix the roof when the sun is shining.

We're also reforming our tax system to make it more competitive, and to make sure that British people keep more of what they earn. The corporate tax rate is being cut to 20% from 28%. The top rate on income has been cut to 45% from 50%, while millions of the poorest won't have to pay taxes at all. As a result, more international firms are moving their headquarters to Britain, and investment is flowing into our country. At a time when other European countries are thinking of introducing damaging financial-transaction taxes, we're abolishing some of the ones that already exist. This will strengthen Britain's reputation as the home of global finance—including new offshore renminbi markets and the first sovereign Islamic bond, or *sukuk*, issued in a non-Islamic country.

Our two countries have led the way in building a safer financial sector. In the U.S., this has been through the Dodd-Frank Act, and I welcome the new Volcker rule in your country. In the U.K., the Banking Reform Bill, which becomes effective this week, will end "too big to fail." Both of our countries should also be tearing down trade barriers and opening up to investment from countries such as China. I've just been in Beijing to secure Chinese investment in a new generation of British civil nuclear power plants. Many Western nations lack the ambition to build such energy infrastructure, let alone encourage overseas investment in it. Not Britain.

The Transatlantic Trade and Investment Partnership, launched at the G-8 summit in Northern Ireland this summer, provides a huge opportunity to facilitate economic growth. A comprehensive deal to lower trade barriers between the European Union and the U.S. would deliver combined benefits to our economies of some £180 billion ($293.4 billion). That's equivalent to $865 for the average American household, and $720 in the EU. Negotiations will be tough, and compromises will be required. But neither the U.S. nor Britain can afford to turn their backs on the jobs and growth this trade agreement will bring. Nor can we afford to let our education systems fail the next generation. Neither country can be afraid to take on vested interests to drive up school standards and expand choice. That's why in my financial statement last week, I announced that we would send more young people to college, lifting the cap on the number of U.K. students who can go to university.

Mr. Osborne is the United Kingdom's chancellor of the exchequer.